

State Bank at Camden (New Jersey) Mystery

Some thoughts are outlined here as to why it was announced in several bank note reporters that the State Bank at Camden had within the last three years redeemed all of its \$2 bank notes. There is no special comment as to \$1 notes. This was published and republished from 1855 through 1865 so that the three year period was meaningless and that text may have been prepared much earlier, copied and recopied somewhere.

In the original incorporation of the State Bank at Camden in 1812 there was a prohibition against issuing any bank note below \$3. This restriction was removed in 1813 and \$2 bank notes were not affected by temporary War of 1812 Acts. There seems to be no legislation affecting the right to issue the \$2 denomination thereafter.

One possible reason for the withdrawal of \$2 bank notes might have been the failure in 1825-1826 of the State Bank at Trenton which had similar looking FDU bank notes. The words Trenton and Camden have similar length and structure and many notes of the Trenton bank were altered to Camden including the \$2 denomination (See Haxby). There may have been so many altered \$2 notes that it was deemed more practical for the Camden Bank to withdraw its own \$2 denomination and have the public refuse to accept all \$2 notes than to permit its genuine notes to circulate and struggle with the continual rejection of altered notes. The possible reason for the \$2 notes being a problem rather than the \$1 or \$3 notes is that (a) \$1 notes required just as much alteration work as the \$2 notes which could be passed for twice as much and (b) there may have been too many counterfeit \$3 notes in customary usage. It can be pointed out that some FDU notes of private issuers did include a \$3 denomination. (See Wait 451 and 2452)

The second possibility for withdrawal of genuine \$2 Camden notes was the extensive issues of private notes redeemable in Camden bank notes in Philadelphia. Unfortunately Haxby omits private notes and Wait does not show many of them in the MDF and FDU period

The issuance of private notes printed by FDU from Union Works, NJ and Cumberland Works, NJ indicates that the State Bank at Camden must have agreed to permit the use of the bank's name which was prominently displayed on the private bills. This started during the MDF period. The private notes had to be endorsed, by an agent or manager. The office of Samuel Spackman (who became Philadelphia agent for State Bank at Camden) opened in 1813 in Philadelphia. Whether he along with others operated at 127 North 3rd St., Market Street Ferry, "at my office", N. Davis store, 106 Market St., etc. is difficult to determine from private notes I am aware of but the emphasis on Philadelphia locations indicate the desirability of being able to have private notes payable at par based upon the value and stability of the State Bank at Camden notes.

The advantage to the State Bank at Camden from these private issues had to come from a deal of some type between the issuers and the bank. There may have been interlocking stockholders. These glass, iron etc. works may have had big interest paying bank loans or large non interest bearing deposits at the Camden bank and used their private notes to pay their suppliers and employees. The several businesses could then issue their notes in any quantity as

they seem unregulated as to note issues. There was a Feb 1815 law against unincorporated banking functions but if other activities were primary the law did not seem to prevent note issues. Yet there was a special law for incorporating businesses combining banking and another activity and these issued bank notes naming both businesses. Most banks should have wanted high capital and big deposits so they could issue more bank notes and earn money by paying no interest on free circulation. The circulation was limited to twice the capital stock value plus one times the deposits. State Bank at Camden didn't need higher capital because in the beginning they only sold less than \$300,000 in capital stock and had the right to sell \$800,000 total. In June 1822 State Bank at Camden voluntarily reduced its capital stock to \$300,000 by an Act of the legislature. State Bank of Camden apparently did not care about its limitation on circulation because they could get adequate deposits or use the private issues for their own benefit. The bank therefore might have discontinued the issue of \$1 and \$2 notes so as not to be in competition with the bulk of denominations of the private issuers. No one seems to have examples of Camden bank's \$1 and \$2 genuine notes in issued form from the FDU period or prior period but there are proof notes showing they probably were issued.

If anyone can shed further light on this problem it would be helpful as it had intrigued me ever since I accidentally became aware of it. I received information from several private collectors and appreciate it. I need more. Please feel free to comment.

I hope this intrigues you New Jersey residents as much as it does me.

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